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SERVICE

SERVICE CREDIT

Service credit is one of the most important factors in determining eligibility for and the amount of your State Universities Retirement System benefits. You receive service credit for all periods during which contributions are withheld from your earnings. This credit is shown on the statement of account which will be sent to you at the end of each year. Service credit is computed as follows:

15 or more days	=	1 month
1 or 2 months	=	$\frac{1}{4}$ year
3 through 5 months	=	$\frac{1}{2}$ year
6 through 8 months	=	$\frac{3}{4}$ year
9 through 12 months	=	1 year

A fractional year of service is considered in the calculation of benefits.

The Retirement System fiscal year begins on September 1 and ends on August 31. You may receive service credit for no more than 1 year during any fiscal year.

PART-TIME EMPLOYMENT

If you contribute to the System for employment at one-half time or less for a period of more than 3 years after September 1, 1959, your service credit will likely be adjusted when your retirement annuity is calculated. However, this adjustment will not be made in determining your *eligibility* for a benefit. For example, if you were employed at one-half time for 4 years and full-time for 1 year, you would meet the 5-year minimum service requirement to qualify for a retirement annuity, but the amount of your monthly benefit would be based on only 4.8 years of service credit.

UNIVERSITY OF ILLINOIS-URBANA



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STATUS DURING LAY-OFF AND VACATION PERIODS

If you are on lay-off status you are entitled to service credit and full protection under the Retirement System for 100 days following the beginning date of the lay-off. You are not eligible to receive a refund of your contributions during lay-off, unless you elect to terminate your employment by resignation.

If you are a faculty member you will be considered as employed during the entire fiscal year, even if you do not receive compensation during the summer months, unless you decline your employment contract for the succeeding school year or your employment status is otherwise terminated. Therefore, you will be protected in case of disability or death which occurs during the vacation periods, and service credit will be granted covering this period.

LEAVES OF ABSENCE

If you are granted a leave of absence *with* pay, you are fully protected under the State Universities Retirement System. In calculating benefits, the System will assume that you are receiving full salary even though the employee contributions are deducted only on the salary actually received.

If you are on disability leave, you receive full protection during the first 60 days of such leave and during the period that disability benefits or workmen's compensation benefits are paid, even though no employee contributions are made. In calculating benefits, the State Universities Retirement System will assume that you are earning twice the disability benefits which are payable to you.

If you are on military leave, you receive full credit for retirement purposes *without* payment of contributions, but are not considered as an employee in determining eligibility for other benefits.

If you are granted a leave of absence *without* pay (other than military or disability), you must pay contributions of 8 percent of your full rate of salary on the date your leave begins in order to receive service and earnings credit for retirement purposes. (You will continue to receive disability, death and survivors insurance protection during leave without pay even though you do not elect to pay the 8 percent employee contribution.) Your payment

may be in a lump sum or in monthly installments. Contributions during leave without pay may not be paid for more than 3 years during any period of 10 years. If you fail to return to employment at the expiration of the leave for a period equal to the leave or 9 months, whichever is less, the contributions paid during the leave will be refunded without interest and the service credit covering the leave will be forfeited.

An Election to Pay Contributions During Leave Without Pay must be received by the Retirement System within 60 days following the beginning date of the leave. Since the date of filing is important, you should, if possible, file an election prior to the date the leave begins. The election form may be secured from your personnel office or from the Retirement System Office.

CREDIT FOR UNUSED SICK LEAVE

If you are entitled to and apply for a retirement annuity which is to begin within 60 days after you terminate employment covered by this System or one of the other systems subject to the Illinois Reciprocity Law, you will receive additional service credit for unused and unpaid sick leave. Some of the community colleges pay a retiree for a portion of his unused sick leave. If you receive pay for only a part of your total sick leave credits, you will receive additional service credit for the remainder. Service credit for unused and unpaid sick leave will be granted in accordance with the following schedule:

Number of Full Calendar Days	Number of Full Work Days	Additional Service Credit
30- 90	20- 59	1/4 year
91-180	60-119	1/2 year
181-270	120-179	3/4 year
271-360	180-240	1 year

PRIOR SERVICE WITH COVERED EMPLOYER

Full-time employment with an employer covered by this System completed prior to the date you begin participation can be considered as service credit, if you elect to make an additional payment. The amount of the payment will depend upon your rate of salary on the date you begin participation and the employee contribution rate

when the service was rendered. It will include interest to the date payment is received.

EMPLOYMENT WITH THE STATE OF ILLINOIS

Employment with the State of Illinois prior to January 1, 1944, can be included as service credit in this System at no cost to you, if (1) this employment would have been creditable under the State Employees' Retirement System of Illinois had that System been in existence, and (2) credit for this employment has not been granted by the State Employees' Retirement System of Illinois.

MILITARY SERVICE

If you are a participant in the State Universities Retirement System and leave to serve on active duty in the armed forces of the United States and again become an employee covered by this System within 1 year after receiving a discharge other than dishonorable, you will receive service credit for up to 5 years of active duty. You receive this credit at no cost.

Active duty with the military *prior* to your participation in this System can be considered as service credit in the same manner as other public employment referred to in the following section. However, Senate Bill 634, which is under consideration by the General Assembly at this time, provides that the Application for Prior Military Service must have been filed by September 1, 1973.

OTHER PUBLIC EMPLOYMENT

Up to 10 years of service can be granted for employment with the United States Government, the government of a state, a political subdivision of a state or an agency or instrumentality of any of these governmental units, subject to the following conditions and limitations:

- (1) the credit cannot exceed two-thirds of the service credit which you receive in this System for Illinois employment, and
- (2) you cannot qualify for a pension from another retirement system based upon this employment, and
- (3) you must contribute to this System for at least five years subsequent to such employment, and
- (4) you must pay the lesser of (a) 8 percent of your

beginning annual salary covered by this System subsequent to the other public employment, multiplied by the years of such employment, plus interest at the prescribed rate (currently 4 ½ percent compounded annually) from the date you began your participation in this System to the date of payment, or (b) one-half of the value of the additional retirement annuity provided by this service, and

- (5) the additional service can be considered only in the calculation of benefits; it cannot be considered in determining eligibility for benefits.

However, Senate Bill 634 which is pending at this time, would limit purchase of credit for the above public employment to persons who became participants on or before September 1, 1973. Those who become participants after that date could purchase credit under the same conditions referred to above but limited to employment by a public school, public college or public university of any state, territory, dependency or possession of the United States.

RECIPROCITY WITH OTHER ILLINOIS PUBLIC RETIREMENT SYSTEMS

Pension credits in the public retirement systems in Illinois which are listed below, may be considered together at the time of retirement or death of an employee for the purpose of determining eligibility for benefits. Under certain circumstances the total credits may be considered in calculating benefits.

The Reciprocal Law provides for preservation of pension credits in the retirement system in which the credits are earned. *It does not provide for transfer of credits from one system to another prior to retirement.* Therefore, you need not notify the State Universities Retirement System of prior credits in another retirement system until you apply for benefits. Such credits will be verified at the time an application is filed.

Chicago Sanitary District Employees' Annuity and Benefit Fund

Chicago Teachers' Pension and Retirement Fund

Cook County Employees' Annuity and Benefit Fund

Cook County Forest Preserve District Employees' Annuity and Benefit Fund

General Assembly Retirement System
Illinois Municipal Retirement Fund
Judges' Retirement System
Laborers' Annuity and Benefit Fund of Chicago
Municipal Employees' Annuity and Benefit Fund of Chicago
Park Employees' Annuity and Benefit Fund of Chicago
State Employees' Retirement System
State Universities Retirement System
Teachers' Retirement System of the State of Illinois

If a member has pension credits in at least two of these Systems, he may elect retirement benefits under one of the following formulas, provided his combined credits are sufficient to meet the *longest* minimum service requirement of any of the systems in which he has credits. However, pension credits under the Judges' Retirement System and credits established in the State Employees' Retirement System and the Illinois Municipal Retirement Fund while a covered employee under the Coordinated Plan with Federal Social Security, *cannot* be considered in calculating benefits under the alternative formula described below.

Regular Formula

Each retirement system will pay a proportional annuity on the basis of earnings and pension credits in that System.

Alternate Formula

Under an alternate formula, the system to which a person last contributes for 4 or more years will calculate the retirement allowance by using the *combined* pension credits in all systems and the final average salary calculated by the system under which retirement occurs.

ILLUSTRATION OF BENEFITS UNDER REGULAR AND ALTERNATE FORMULA

Assume that employee A is covered under the State Teachers' Retirement System for 15 years with average monthly earnings of \$500 during the last 4 years. He transfers to the State Universities Retirement System and continues for 20 years with average monthly earnings of

\$1,000 during the last 4 years. His monthly retirement benefits would be calculated as follows:

Regular Formula

<i>State Teachers' Retirement System</i>		
(1.67% × 10 years) +		
(1.9% × 5 years)	=	26.2%
26.2% × \$500.00	=	\$131.00
 <i>State Universities Retirement System</i>		
(1.67% × 10 years) +		
(1.90% × 10 years)	=	35.7%
35.7% × \$1,000.00	=	\$357.00
	TOTAL	<u>\$488.00</u>

Alternate Formula

Under the alternate formula, the State Universities Retirement System would calculate and pay a retirement benefit based upon the 35 years of combined credits in both retirement systems. The calculation would be as follows:

1.67% × 10 years = 16.7%	} = 68.2%	
1.90% × 10 years = 19.0%		
2.10% × 10 years = 21.0%		
2.30% × 5 years = 11.5%		
68.2% × \$1,000	=	<u>\$682.00</u>

In the above illustration, the alternate formula would provide a retirement allowance of \$194.00 per month greater than that which could be paid under the regular formula.

PAYMENT TO QUALIFY FOR ALTERNATE FORMULA

If you have credits under another Illinois system which is *not* financed by the State of Illinois, your credits under that system cannot be considered by the State Universities Retirement System in calculating retirement benefits under the alternate formula referred to above, unless you pay to this System at the time of retirement, the *lesser* of the following amounts:

- (1) 1 % of your actual annual salary rate on the date

of separation from employment covered by the other system, multiplied by the years of service in that system, or

- (2) 1% of your high 4-year average earnings under the State Universities Retirement System multiplied by the years of service in the other system.

The above payment will not be required, if your prior service was covered by the General Assembly Retirement System, the State Employees' Retirement System, the Teachers' Retirement System of the State of Illinois or the Chicago Teachers' Pension and Retirement Fund, because all of these Systems and the State Universities Retirement System are financed, at least partially, by State appropriations.

RECIPROCITY FOR SURVIVORS ANNUITIES

Combined credits under two or more systems covered by the Reciprocity Law are considered in determining *eligibility* for survivors annuity benefits, provided (1) each of the systems under which the employee has credits has a survivors annuity program which covers the employee, and (2) the combined service credits are sufficient to meet the *longest* minimum qualifying period prescribed by any of these systems in which he has credits.

If you are eligible for a retirement annuity from the State Universities Retirement System under the alternate formula based upon your *combined* credits in this System and some other Illinois system covered by the Reciprocity Law, the *total* retirement annuity determined by the combined credits will be considered in determining the maximum and minimum survivors annuity which is payable by the State Universities Retirement System. For example, the minimum monthly survivors annuity payable by the State Universities Retirement System is 50 percent of the monthly retirement annuity which has been earned by the member. If you have sufficient combined credits in this System and another system to qualify for a total monthly retirement annuity of \$1,000 under the alternate formula, the monthly survivors annuity would be \$500. However, the sum of the survivors annuities payable by all systems may not exceed the highest maximum survivors annuity applicable in any of the systems in which you have credits.

RECIPROCITY FOR DISABILITY BENEFITS

There is no reciprocity for disability benefits between the State Universities Retirement System and other systems covered by the State Retirement Systems Reciprocal Law, except as follows:

1. Combined earnings and service credits under the following Retirement Systems are considered in determining eligibility for and the length of time during which disability benefits can be paid:

- (a) State Employees' Retirement System,
- (b) State Teachers' Retirement System, and
- (c) State Universities Retirement System.

2. If a person is *involuntarily* transferred by legislative action to the State Universities Retirement System from some other system covered by the Reciprocity Law, his combined earnings and service are considered by the State Universities Retirement System in determining eligibility for and length of time that disability benefits can be paid. A person is considered an *involuntary* transferee, if he (a) was an employee of the transferring governmental unit on the date that his employer was transferred to coverage under the State Universities Retirement System, and (b) accepted employment with the employer within 6 months after the date of the transfer.

For example, the City Colleges of Chicago were transferred from the Chicago Board of Education to a separate board at the time that it achieved Class I status on July 1, 1966. If you were employed by the Chicago Board of Education (the transferring governmental unit) on that date and accepted employment with the City Colleges of Chicago within 6 months, you would be considered an *involuntary* transferee.

MAXIMUM BENEFITS UNDER THE RECIPROCAL LAW

If you elect to apply the Reciprocal Act and qualify for benefits from 2 or more systems, the combined benefits cannot exceed the highest benefit which would be payable by any system in which you have pension credits if all of your service had been credited in such system. In determining the highest maximum benefit which could be payable, each system must consider the combined service

in all systems but shall apply the formula and average earnings applicable to that system.

INFORMATION

If you wish specific information regarding service credit or the application of the Reciprocal Law, you should call or write to the STATE UNIVERSITIES RETIREMENT SYSTEM, 50 Gerty Drive, P.O. Box 2710, Station A, Champaign, Illinois 61820, Telephone 333-3860, Area Code 217.

This statement is intended to serve only as a brief summary of the provisions of the Law governing the State Universities Retirement System and the Retirement Systems Reciprocal Law. It should not be considered as a substitute for the provisions of the Law which are set forth in Articles 15 and 20 of the "Illinois Pension Code."

Edward S. Gibala, Executive Director

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